

# Solano County Economic Forecast

Solano ranks as the twentieth most populated county in the state with an estimated 412,000 in 2003. Over the last 3 years, the county has attracted an average of 3,500 net migrants per year. The growth of population has averaged 1.8 percent annually, but a higher rate of growth is forecast over the next 5 years.

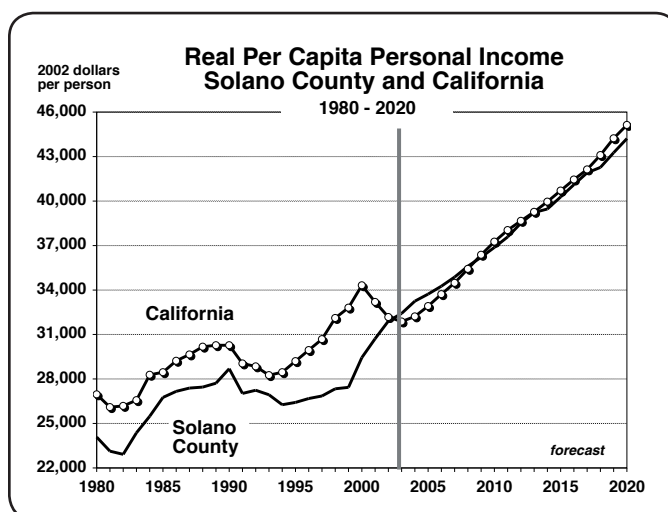
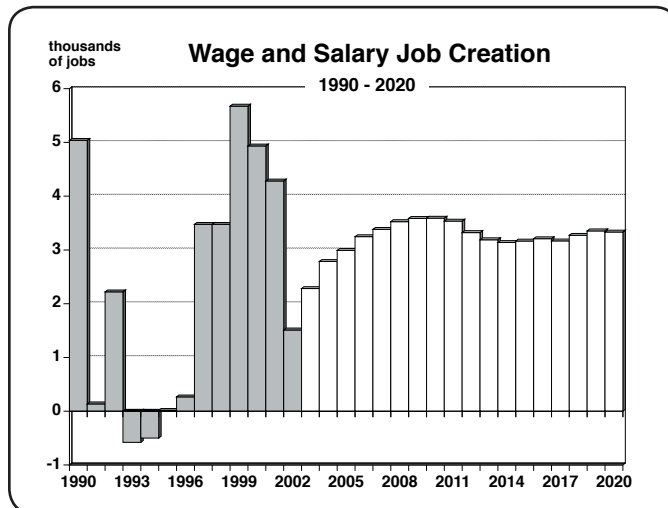
Solano County's affordable land is attracting new industries such as call centers, biotech manufacturing, food manufacturing, and small start-ups in high-tech industries. The 1998 closure of Mare Island Naval Base, located on the western edge of Vallejo, has brought a surge of new companies to the area, due in part to its attractive location, between the San Francisco Bay and Sacramento County.

The Napa-Solano labor market was the only sub-region in the Bay Area economy to create new jobs in 2002. Non-farm employment grew 1.9 percent in Solano County and 1.7 percent in Napa County. The principal sectors of new employment were retail trade, finance, and services.

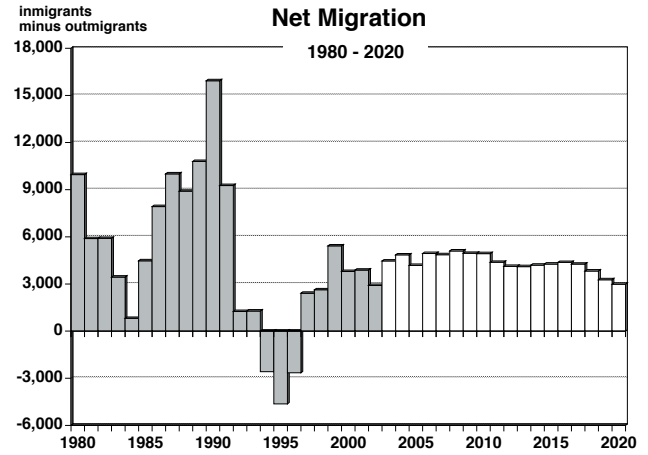
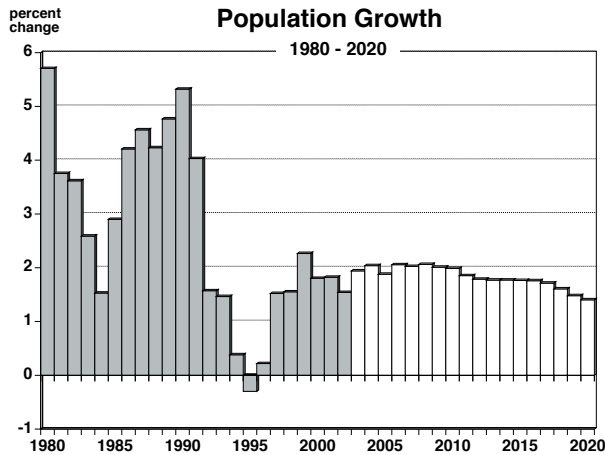
The median home selling price for existing housing was \$261,252 in 2002, making the county the most affordable in the 9-county San Francisco Bay Area. Home prices are forecast to rise between 6 and 8 percent per year over the next several years, and more housing per year is forecast to be permitted and built.

## Forecast Highlights

- Job growth is forecast to average 2.4 percent per year between 2003 and 2008, and 2.0 percent per year thereafter. The unemployment rate is expected to approach 6.0 percent in 2003 and then begin a gradual descent over the next 5 years.
- Population growth increases slightly, averaging 2 percent per year over the next 5 years. Net in-migration remains stable, and the natural increase dominates population growth. More housing is built, simply because land is cheaper and housing is more affordable—therefore, demand growth remains healthy for the foreseeable future.
- A total of 2,461 housing units were permitted in Solano County in 2002. That number increases to nearly 3,000 in 2003, and 3,150 in 2005. For all years of the forecast, the number of housing units permitted per year exceeds the number built in 2002.



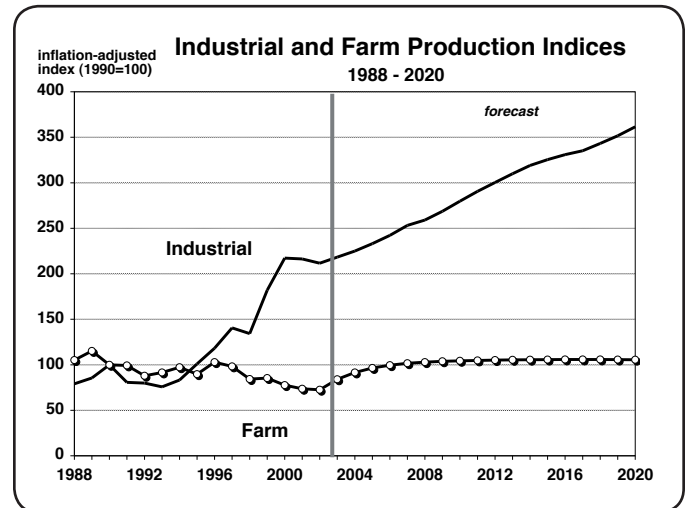
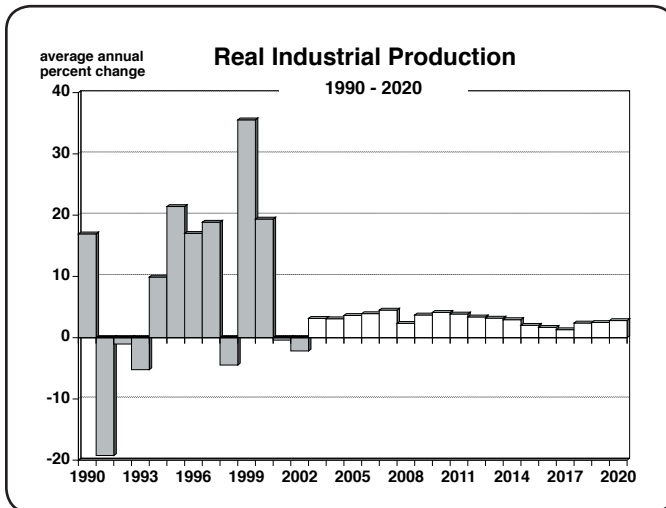
- Real per capita income in 2002 was \$31,902. The forecast calls for an average compound rate of growth of 1.6 percent per year from 2003 to 2008. Real personal income rises 3.6 percent per year over the next 5 years. Real increases in income will bring about increases in inflation adjusted retail sales, which are forecast to rise an average of 4.1 percent per year.
- With more new home construction over the forecast period, home prices in the county are not expected to rise sharply, simply because supply growth is forecast to equal demand growth. Real home prices are projected to increase an average of 4.4 percent per year over the next 5 years. During the 1997-2002 period, inflation-adjusted home prices rose an average of 9 percent per year.



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### 1995-2002 History, 2003-2020 Forecast

	July Population (people)	Net Migration (people)	Registered Vehicles (number)	Households (thousands)	New Homes Permitted (homes)	Retail Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Farm Crop Value (millions)	Industrial Production (billions)
1995	367,500	-4,632	288,528	121.8	1,115	\$2.1	\$7.6	\$26,419	\$180.4	\$3.0
1996	368,300	-2,654	292,126	123.0	1,737	\$2.2	\$7.9	\$26,678	\$211.6	\$3.5
1997	373,900	2,410	280,811	124.1	1,542	\$2.3	\$8.3	\$26,854	\$209.1	\$4.2
1998	379,700	2,630	299,357	125.8	2,204	\$2.5	\$8.9	\$27,337	\$185.2	\$4.0
1999	388,300	5,423	312,215	127.1	1,953	\$2.8	\$9.5	\$27,440	\$195.5	\$5.4
2000	395,300	3,797	329,534	129.8	2,346	\$3.2	\$10.9	\$29,442	\$185.6	\$6.4
2001	402,500	3,883	345,644	131.7	2,560	\$3.4	\$12.2	\$30,713	\$185.7	\$6.4
2002	408,700	2,903	360,733	134.1	2,461	\$3.4	\$13.0	\$31,902	\$185.9	\$6.3
2003	416,633	4,465	347,634	136.4	2,937	\$3.7	\$13.8	\$32,418	\$220.7	\$6.4
2004	425,126	4,851	354,059	139.3	2,564	\$3.9	\$14.9	\$33,252	\$247.1	\$6.6
2005	433,113	4,179	361,204	141.8	3,148	\$4.2	\$15.8	\$33,728	\$267.4	\$6.9
2006	442,017	4,942	369,038	144.9	3,003	\$4.5	\$16.8	\$34,254	\$283.8	\$7.2
2007	450,964	4,862	377,418	147.9	3,212	\$4.8	\$18.0	\$34,870	\$297.2	\$7.5
2008	460,260	5,104	386,337	151.0	3,066	\$5.2	\$19.2	\$35,605	\$309.0	\$7.7
2009	469,511	4,953	395,532	154.0	3,073	\$5.6	\$20.4	\$36,208	\$319.7	\$7.9
2010	478,843	4,934	404,832	157.0	2,796	\$6.0	\$21.8	\$36,871	\$330.5	\$8.3
2011	487,713	4,378	414,161	159.7	2,763	\$6.4	\$23.3	\$37,579	\$341.3	\$8.6
2012	496,428	4,121	423,076	162.5	2,717	\$6.9	\$25.0	\$38,505	\$352.1	\$8.9
2013	505,211	4,104	431,716	165.1	2,730	\$7.4	\$26.7	\$39,225	\$363.3	\$9.2
2014	514,157	4,196	440,214	167.8	2,718	\$7.9	\$28.1	\$39,462	\$374.1	\$9.4
2015	523,224	4,268	448,746	170.5	2,732	\$8.5	\$29.9	\$40,276	\$384.9	\$9.6
2016	532,426	4,372	457,330	173.2	2,656	\$9.0	\$32.0	\$41,102	\$396.1	\$9.8
2017	541,547	4,264	465,997	175.9	2,373	\$9.7	\$34.1	\$41,911	\$407.9	\$9.9
2018	550,247	3,827	474,763	178.2	2,178	\$10.4	\$36.0	\$42,270	\$419.3	\$10.1
2019	558,395	3,270	483,734	180.4	2,128	\$11.1	\$38.4	\$43,265	\$430.3	\$10.4
2020	566,235	2,981	492,513	182.6	2,059	\$11.9	\$40.8	\$44,214	\$441.0	\$10.7



Total Wage & Salary (000)	Farm (000)	Mining & Construction (000)	Manufacturing (000)	Transportation, Utilities (000)	Wholesale, Retail Trade (000)	Finance, Real Estate (000)	Services (000)	Government (000)
-----employment (jobs)-----								
99.6	1.6	7.2	8.5	4.0	27.7	3.5	22.3	24.8
99.9	2.0	7.6	9.1	4.1	27.2	3.8	23.7	22.5
103.4	2.1	8.4	9.8	4.4	28.2	4.0	24.2	22.4
106.8	2.2	8.5	10.0	4.5	28.5	3.8	26.1	23.1
112.5	2.3	9.8	10.0	4.4	28.9	4.3	28.6	24.3
117.5	2.3	10.8	10.2	4.2	30.1	4.9	30.4	24.5
121.7	2.3	11.1	11.0	4.0	31.3	4.7	31.5	25.8
123.2	1.6	10.8	11.1	4.0	32.5	4.9	32.2	26.1
125.5	1.7	11.1	11.1	4.1	33.3	5.0	32.8	26.4
128.3	1.8	11.3	11.2	4.1	34.1	5.1	33.7	26.9
131.3	1.9	11.4	11.4	4.2	34.9	5.3	34.8	27.5
134.6	1.9	11.6	11.6	4.2	35.7	5.4	36.0	28.2
137.9	1.9	11.7	11.8	4.3	36.5	5.5	37.3	28.9
141.5	1.9	11.9	12.0	4.3	37.3	5.7	38.7	29.6
145.1	2.0	12.0	12.3	4.4	38.2	5.8	40.0	30.3
148.6	2.0	12.2	12.6	4.5	39.0	6.0	41.4	31.1
152.2	2.0	12.3	12.9	4.6	39.9	6.2	42.7	31.8
155.5	2.0	12.4	13.2	4.6	40.8	6.3	43.8	32.5
158.7	2.0	12.5	13.5	4.7	41.6	6.5	44.7	33.2
161.8	2.0	12.6	13.8	4.8	42.5	6.7	45.6	33.9
165.0	2.0	12.7	14.1	4.9	43.4	6.8	46.5	34.6
168.2	2.0	12.8	14.4	4.9	44.3	7.0	47.5	35.4
171.4	2.0	12.8	14.6	5.0	45.2	7.2	48.4	36.1
174.6	2.0	12.9	14.9	5.1	46.2	7.3	49.5	36.8
178.0	2.0	12.9	15.2	5.2	47.1	7.5	50.6	37.5
181.3	2.0	12.9	15.5	5.2	48.0	7.7	51.7	38.2

